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Report Highlights: Broiler demand expected to ease in 2003, as beef demand recovers from BSE. Imports are expected to fall 7% in 2003 due to weak demand. Imports of U.S. poultry, which are expected to fall sharply in 2002, will slowly recover next year. Import demand for eggs is expected to rise by 2% in 2003, due to smaller domestic supplies. Demand for imported processed egg products is expected to increase.

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Japan's Broiler Market and Trade Outlook 2002 and 2003

Lethargic Demand, Weak Prices and Large Stocks Expected in 2003

As beef demand recovers from the BSE crisis, demand for broiler meat will likely ease in 2003, projected down 1% from the forecast level of 1.595 million MT in 2002. Weak wholesale prices for both domestic and imported broiler meat will likely continue through the first half in 2003. High frozen stocks, estimated at 122,000 MT, will likely put pressure on import prices for broiler parts. Domestic production is expected to weaken in 2003 (estimated at 1.08 million MT) as producers respond to lower prices due to an expected drop in consumption of chicken meat.

Broiler Imports Expected to Fall Due to Stocks and Soft Demand

Import prospects for broiler meat are expected to weaken in 2003, due in part to large stocks of imported frozen broiler meat carried over from 2002. Japan's 2003 broiler imports are projected to fall by 7% to 505,000 MT. In Japan's food service and catering sector, broiler demand is expected to ease as utilization of prepared poultry products continues to increase. In addition, Japanese importers, distributors, and processors are expected to remain cautious about using imported broiler parts given recent quarantine issues and more stringent food sanitation regulations regarding labeling and residues.

Imports from U.S. and China Expected to Slowly Regain Losses

Imports from the U.S. and China, which lost substantial market share to Thailand and Brazil in 2002, are expected to recover slowly in 2003. The extent to which the U.S. and Japan resolve the avian influenza issue, which resulted in several nationwide and state-level bans this year due to the detection of low-pathogenic avian influenza (a non-reportable disease), may determine how quickly the U.S. regains lost market share. China's recovery will hinge on whether Chinese suppliers can develop effective measures to manage food safety and disease problems which have restricted exports to Japan. Given Japan's large investment in Chinese broiler production, Japanese companies are reportedly improving pre-shipment monitoring at farms, plants and warehouses on a voluntary basis.

Japan's Overall Broiler Consumption Firm in 2002 Due to Solid Retail Demand and Robust Food Service Demand for Prepared Poultry Products

Japanese broiler consumption in 2002 is forecast unchanged from the 2001 level of 1.61 million MT. The lethargic recovery of Japan's overall beef consumption during the first part of 2002 supported relatively firm broiler demand, with sales up 7% in the first half of 2002. However, as beef consumption recovers, household demand for chicken will return to normal levels. Robust demand for prepared poultry products is expected to continue, even as beef consumption strengthens.

Strong Growth in Prepared Poultry Products from Thailand and China Continues in 2002

Imports of processed and prepared poultry products rose by 36% during the first half of 2002. Post expects monthly entries to slow by year end, with total 2002 imports reaching 215,000 MT, a 15% gain from last year (see table 3). Imports of prepared poultry products are expected to continue growing, as demand increases in Japan's convenience food market, and Japanese investment increases in countries such as Thailand and China.

Broiler Imports Expected Higher in 2002

Post projects a modest increase for Japan's generic broiler meat imports in 2002, up 4% from a year ago to 545,000 MT. Imports of generic broiler meat from January to June rose 13% compared to the same period last year, fueled by a strong yen and high market prices for domestic broiler parts. Imports from Thailand and Brazil nearly doubled during this period at the expense of U.S. and Chinese market share. Total U.S. broiler meat imports are expected to plummet 34% to 50,000 MT in 2002, due to a series of import bans imposed by the Government of Japan due to the detection of low-pathogenic avian influenza. The U.S. market share is projected to drop five percentage points to 10% in 2002.

Market prospects for imported broiler meat are expected to weaken later this year due to softening demand and rising stocks. June ending stocks (imported frozen broilers) were up 31% (to 116,558 MT) from the same period last year, much of it from Thailand and Brazil. In addition, food labeling scandals earlier this year which involved major chicken importers, distributers and processors, may lead some end users to use more domestic meat, particularly if wholesale prices fall. (see table 4).

Domestic Broiler Producers Respond to High Market Prices in 2002

Post projects Japanese broiler production in 2002 to increase 1% to 1.09 million MT. Strong production in the first half of 2002, up 3%, will likely be offset by lower production later in the year. An extremely hot summer coupled with weak price prospects for domestic broiler parts, will likely slow production in the fourth quarter. Wholesale prices for domestic broiler parts are expected to ease by year end, due to by lackluster retail demand. (see table 2).

Table 1. Japan's Per Household Consumption of Chicken and Eggs

Period: January - June, 2002				
Unit: Gram				
	Chicken		Egg	
	Quantity	% Chg.	Quantity	% Chg.
Jan.	988	5%	2,635	-2%
Feb.	1,001	5%	2,661	1%
Mar.	1,021	8%	2,833	-1%
Apr.	988	8%	2,689	-4%
May.	1,004	12%	2,931	2%
Jun.	942	7%	2,750	1%
Jan. - Jun.	5,943	7%	16,496	0%
Unit: Yen				

	Chicken		Egg	
	Expenditure	% Chg.	Expenditure	% Chg.
Jan.	996	14%	673	-2%
Feb.	931	8%	692	-2%
Mar.	946	12%	735	-1%
Apr.	925	14%	713	2%
May.	938	16%	746	5%
Jun.	886	11%	693	6%
Jan. - Jun.	5,623	12%	4,252	1%
Source: Ministry of General Administration (Livestock daily Press, August 6 Issue)				
Note 1: Figures represent generic meat and chicken consumption.				
Note 2: Figures are not converted into per person.				

Table 2. Monthly Average Wholesale Prices for Domestic Broiler Parts

Monthly Wholesale Prices of Domestic Broiler Parts in the Tokyo Market						
Unit: Yen per Kilo						
	Boneless leg			Boneless Breast		
	2001	2002	% chg.	2001	2002	% chg.
Jan.	702	737	5%	216	323	50%
Feb.	673	687	2%	196	291	48%
Mar.	621	650	5%	197	263	34%
Apr.	563	640	14%	212	248	17%
May	541	648	20%	227	238	5%
Jun.	503	630	25%	255	226	-11%
Jul.	510	0	-100%	266	0	-100%
Aug.	530	0	-100%	270	0	-100%
Sep.	571	0	-100%	277	0	-100%
Oct.	666	0	-100%	287	0	-100%
Nov.	732	0	-100%	307	0	-100%
Dec.	752	0	-100%	331	0	-100%
1st Qtr Ave.	665	691	4%	203	292	44%
2nd Qtr Ave.	536	639	19%	231	237	3%
3rd Qtr Ave.	537	0	-100%	271	0	-100%
4th Qtr Ave.	717	0	-100%	308	0	-100%
Year Ave.	614	NA	NA	253	NA	NA
Source: ALIC Monthly Statistics						

Table 3 Japanese Imports of Generic Broiler Meat and Prepared Poultry Products

						Unit: Metric Ton
	Generic Broiler Meat			Prepared Poultry Products		
	2002	% Chg	Share	2002	% Chg	Share
	Jan. - Jun.			Jan. - Jun.		
U.S.	19,664	-45%	7%	2,210	-73%	2%
China	54,684	-49%	20%	67,508	31%	65%
Thailand	102,561	82%	37%	33,901	40%	33%
Brazil	95,392	121%	35%	0	0%	0%
TOTAL	274,743	13%	100%	103,146	36%	100%
Source: As Publicized in Livestock Dairy Press (*Chikusan Nippo*)						
Note: Total figures include imports from other countries.						

Table 4. Quarterly Average Wholesale Prices of Imported Broiler Meat

Monthly Wholesale Prices of Imported Broiler Leg Meat in the Tokyo Market						
Unit: Yen per Kilo						
U.S. Broiler						
	Bone-in Leg			Boneless Leg		
	2001	2002	% chg.	2001	2002	% chg.
1st Qtr Ave.	211	315	49%	291	437	50%
2nd Qtr Ave.	222	295	33%	307	412	34%
3rd Qtr Ave.	245	0	-100%	339	0	-100%
4th Qtr Ave.	289	0	-100%	413	0	-100%
Year Ave.	242	NA	NA	337	NA	NA
Chinese Broiler						
	Bone-in Leg			Boneless Leg		
	2001	2002	% chg.	2001	2002	% chg.
1st Qtr Ave.NA	NA	NA		250	365	46%
2nd Qtr Ave.NA	NA	NA		304	304	0%
3rd Qtr Ave.NA	NA	NA		388	0	-100%
4th Qtr Ave.NA	NA	NA		448	0	-100%
Year Ave.NA	NA	NA		348	NA	NA
Thailand Broiler						
	Bone-in Leg			Boneless Leg		
	2001	2002	% chg.	2001	2002	% chg.

1st Qtr Ave.	320	418	31%	317	457	44%
2nd Qtr Ave.	330	361	9%	342	434	27%
3rd Qtr Ave.	348	0	-100%	366	0	-100%
4th Qtr Ave.	390	0	-100%	430	0	-100%
Year Ave.	347	NA	NA	364	NA	NA
Brazilian Broiler						
	Bone-in Leg			Boneless Leg		
	2001	2002	% chg.	2001	2002	% chg.
1st Qtr Ave.	327	392	20%	233	397	70%
2nd Qtr Ave.	337	375	11%	291	327	12%
3rd Qtr Ave.	329	0	-100%	372	0	-100%
4th Qtr Ave.	369	0	-100%	440	0	-100%
Year Ave.	340	NA	NA	334	NA	NA
Source: Quarterly Figures Compiled by Ag. Office Based on ALIC Monthly Statistics						

Japan’s Egg Market and Trade Outlook 2002 and 2003

Import Demand for Eggs Expected to Improve in 2003 as Domestic Supplies Fade

Japan’s overall egg product imports are forecast to rise modestly by 2% to 1,990 million pieces (shell egg equivalent) in 2003. Surplus supplies of domestic eggs, which prevailed in 2002, pushing import demand for processed eggs down, are expected to ease. In addition, Japanese egg producers reportedly implemented voluntary culling of layers starting in August 2002, to reduce supplies and boost prices in 2003.

Opportunities for Processed Egg Product Improving

According to industry reports, expanded uses of egg products in Japan’s food service and catering sectors will likely generate additional demand for imported egg products. The market for salad dressings, for example, is reportedly increasing demand for powdered egg products.

2002 Situation and Update

Overall imports of egg products remained sluggish for most of 2002, pressured by surplus supplies of domestic eggs, lethargic demand for frozen liquid egg products, and import bans on U.S. egg products, which were imposed due to the detection of low pathogenic avian influenza, a non-reportable disease. Total imports in 2002 are projected down 3% from the previous year to 1,950 million pieces on a shell egg equivalent basis.

The disruption of U.S. egg product exports to Japan in 2002, reportedly caused some end users to diversify their suppliers. This will impact U.S. dominance in Japan’s frozen liquid yolk market, as price-competitive products from Canada and Brazil gain market share in 2002. Interestingly, Japanese buyers are reportedly increasing purchases of finished American mayonnaise products this year. This will also hurt overall U.S. egg product exports since imported mayonnaise will displace domestic product. The U.S. is expected to lose market share in the powdered egg products market as competitors such as India, EU and Canada make gains.

Japanese Broiler PS&D Table

PSD Table						
Country	Japan					
Commodity	Poultry, Meat, Broiler				(1000 MT)(MIL HEAD)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Inventory (Reference)	106	106	106	107	0	106
Slaughter (Reference)	565	568	565	575	0	570
Beginning Stocks	100	116	92	100	95	122
Production	1080	1074	1085	1090	0	1080
Whole, Imports	6	0	5	0	0	0
Parts, Imports	704	523	715	545	0	505
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	710	523	720	545	0	505
TOTAL SUPPLY	1890	1713	1897	1735	95	1707
Whole, Exports	0	0	0	0	0	0
Parts, Exports	3	3	3	3	0	3
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	3	3	3	3	0	3
Human Consumption	1745	1610	1749	1610	0	1595
Other Use, Losses	50	0	50	0	0	0
Total Dom. Consumption	1795	1610	1799	1610	0	1595
TOTAL Use	1798	1613	1802	1613	0	1598
Ending Stocks	92	100	95	122	0	109
TOTAL DISTRIBUTION	1890	1713	1897	1735	0	1707
Calendar Yr. Imp. from U.S.	86	76	90	50	0	70